

Citizens' Utility Ratepayer Board

Board Members:

Gene Merry, Chair
A.W. Dirks, Vice-Chair
Carol I. Faucher, Member
Laura L. McClure, Member
Douglas R. Brown, Member



State of Kansas

Kathleen Sebelius, Governor

David Springe, Consumer Counsel
1500 S.W. Arrowhead Road
Topeka, Kansas 66604-4027
Phone:(785) 271-3200
Fax: (785) 271-3116
<http://curb.kcc.state.ks.us/>

HOUSE UTILITIES COMMITTEE

H.B. 2844

Testimony on Behalf of the Citizens' Utility Ratepayer Board

By David Springe, Consumer Counsel

February 15, 2006

Chairman Holmes and members of the committee:

Thank you for this opportunity to offer testimony on H.B. 2844. The Citizens' Utility Ratepayer Board is opposed to this bill for the following reasons:

CURB would be supportive of net metering under certain conditions. First and foremost of these conditions is that the fixed costs of providing service to a customer that seeks to net meter are not shifted, through the net metering arrangement, back onto other customers. In principle, non-net metering customers should not subsidize net metering customers. This subsidy generally exists, with respect to net metering, when a utility is required to pay full "retail" rates back to the net metering customer, rather than just avoided variable costs rates.

This bill defines "net metering" as a "reimbursement" by the electric public utility in an amount equal to the "retail electric rate normally charged by the electric public utility". (Section 1(a)(5)) As such, CURB does not support net metering as defined in the bill as it directly creates the subsidy discussed above.

CURB is also concerned about the inconsistencies in the bill. While "net metering" is defined as a reimbursement at the electric utility's "retail rate", which CURB opposes, there are three other sections that deal with compensation generally that are all inconsistent and unclear. First, if the utility chooses to install a second meter at a net metering customer premises (the cost of which under the bill shall be born by the electric utility, and presumable the electric utility's non-net metering customers) Section 1(f) requires that the "value" of excess generation be "credited" to the customer's bill based on applicable tariffs approved by the commission. There is nothing in the bill that requires the commission to set the value to be credited in tariff at full retail rates. CURB would argue in any tariff proceeding that the commission should not set the value for reimbursement at full retail rates and doing so creates the unfair subsidy described above.

Second, where the utility does not install a second meter, but measures excess energy production by a single meter that can spin in either direction depend on whether the customer is drawing energy or generating excess energy, if excess energy is measured in any month, the bill requires only that excess energy be "credited" to the customer's following months bill and that these credits can be carried forward up to 12 months. The bill again does not set the "value" of the credit allowed. Further, the bill specifically states that "in no event shall the customer be paid for excess energy delivered to the public utility at the end of the 12-month period," which would preclude the type of

reimbursement as set forth in the definition of net metering for any excess generation. However, for every kilowatt hour generated that directly offsets a kilowatt hour consumed by the customer (before excess energy is generated) the customer is effectively credited at full retail rates, creating the subsidy that CURB opposes.

Last, Section 1(g) states that where the total number of kilowatt hours exceeds a 1% cap, the electric public utility may begin “reimbursing” net metering customers at 150% of avoided fuel costs. This appears to be in conflict of the language in Section 1(f) specifically precluding payment to net metering customers.

As drafted CURB believes this bill is unclear and creates unacceptable framework of uneconomic subsidies to support net metering customers. As such CURB cannot support what is contained in this bill, and respectfully requests the Committee reject this bill.